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2006-057

Canada's New Government to Ease the Burden of Taxpayers

Related documents:

- Notice of Ways and Means Motion to Implement Certain Provisions of the Budget Tabled in Parliament on May 2, 2006
- Explanatory Notes Relating to Remaining Budget 2006 Income Tax Measures, Dividend Taxation and Canadian Vintners and Brewers

The Honourable Jim Flaherty, Minister of Finance, today tabled a Notice of Ways and Means Motion in the House of Commons to implement wide-ranging tax relief for Canadians.

"Canada's New Government continues to act on its commitment to provide meaningful relief for Canadian taxpayers," said Minister Flaherty. "The action we have taken today will cut taxes for pensioners, families, students, users of public transit and each and every worker in Canada, particularly tradespeople, apprentices and fishers. Businesses, both large and small, will also benefit and will be better positioned to compete and prosper in the global economy."

The measures in the Notice of Ways and Means Motion were introduced in Budget 2006 but were not included in the Budget Implementation Act, 2006. The Notice follows draft legislative proposals released for public comment this summer (News Release 2006-042) regarding the following income tax measures:

- The new Canada Employment Credit.
- The new Textbook Tax Credit.
- The new tax credit for public transit passes.
- The new deduction for tradespeople's tool expenses.
- A complete exemption for scholarship income received in connection with enrolment at an institution which qualifies the student for the education tax credit.
- The new Children's Fitness Tax Credit.

- A doubling, to \$2,000 from \$1,000, of the amount on which the pension income credit is calculated.
- An extension of the \$500,000 lifetime capital gains exemption, and various intergenerational rollovers, to fishers.
- The new Apprenticeship Job Creation Tax Credit.
- A reduction of the current 12 per cent small business tax rate to 11.5 per cent for 2008 and to 11 per cent thereafter.
- An increase, to \$400,000 from \$300,000, of the amount that a small business can earn at the small business tax rate, effective January 1, 2007.
- A reduction of the minimum tax on financial institutions.

The Notice of Ways and Means Motion also proposes to implement the Budget 2006 measure to lower the income tax rate on large corporation dividends received by Canadians, making investments in shares of corporations more attractive (News Release 2006-028). In addition, the Notice implements the proposals in Budget 2006 to reduce excise duties for Canadian vintners and brewers, which follows draft legislative proposals released for public comment this summer (News Release 2006-027).

Revised explanatory notes for all measures noted above are also being released. References to "Announcement Date" in the proposed legislation and explanatory notes should be read as referring to today's date.

The Notice of Ways and Means Motion and explanatory notes are available on the Department of Finance website. Printed copies are available for \$13.00 and may be obtained by calling the Department of Finance Distribution Centre at 613-995-2855.

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